



**US Army Corps
of Engineers**
Northwestern Division

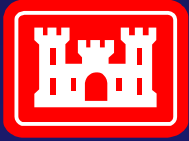
Operations Division

BPA Direct Funding Agreement

Federal Hydropower Tri-Agency Meeting

10-11 October 2001 Kansas City, Missouri

Team Operations: The Pre-Eminent Stewards of Entrusted Resources

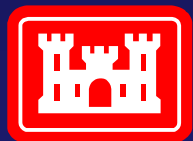


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Briefing Overview

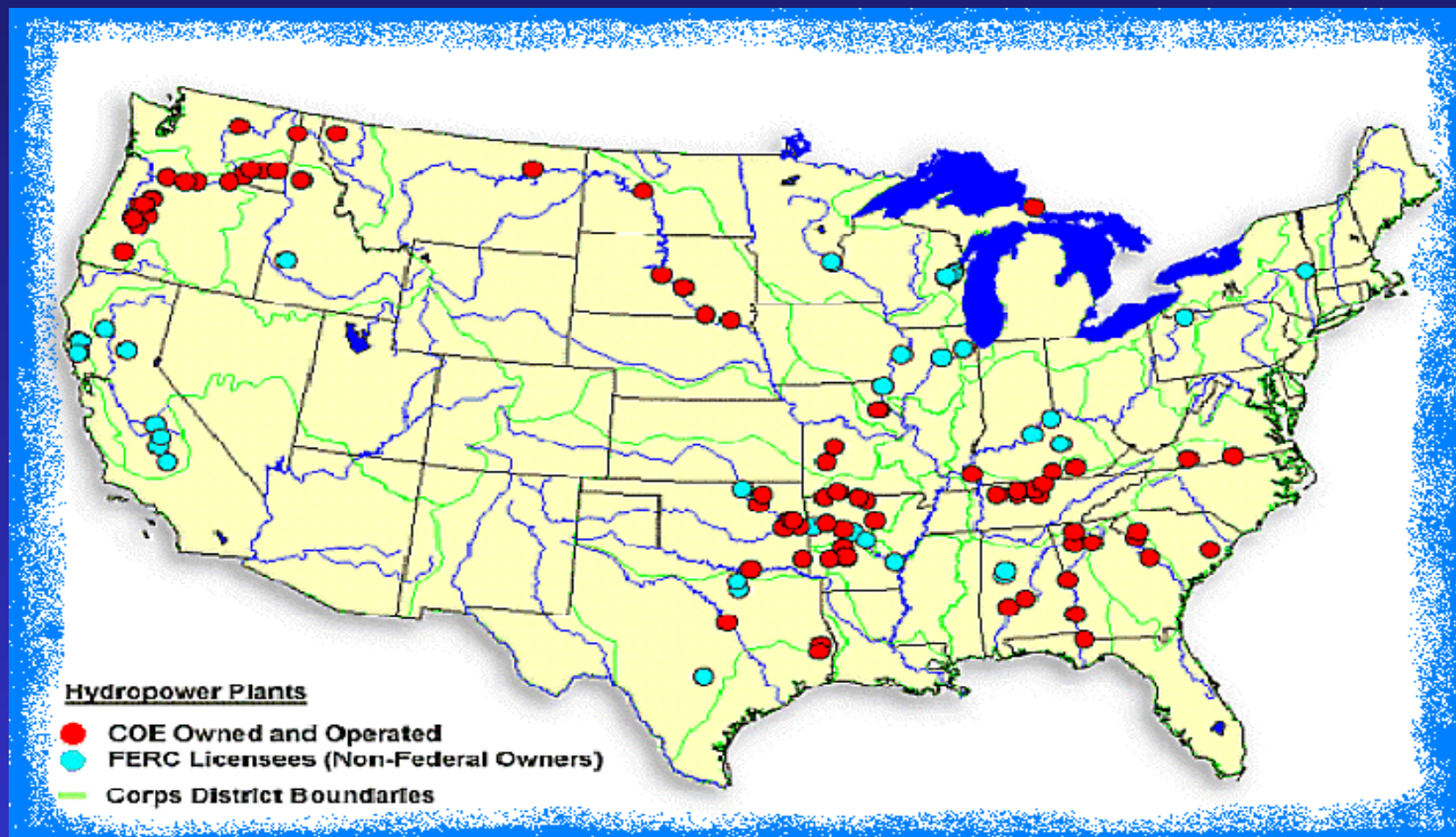
- Regional Perspective.
- Development of Direct Funding.
 - Direct Funding Agreements.
- Implementation of Direct Funding.
- Flexibility of Agreements.
- Joint Agency Initiatives.

Team Operations: The Pre-Eminent Stewards of Entrusted Resources

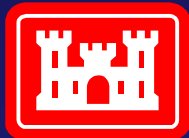


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Corps of Engineers Hydropower Plants

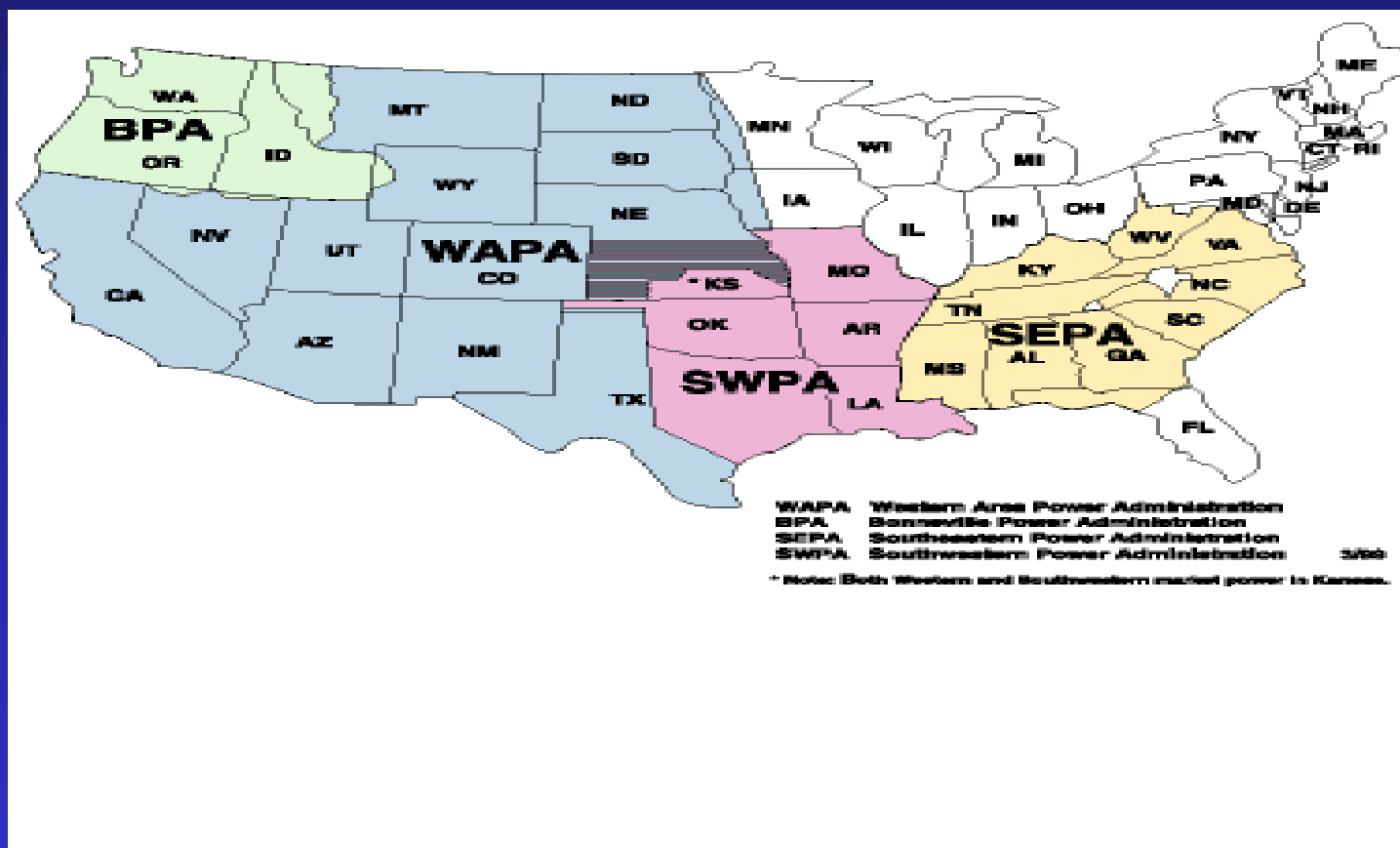


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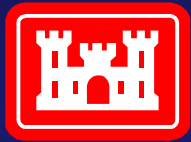


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Power Marketing Agencies



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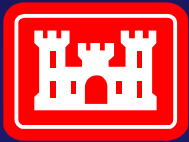
Corps Hydropower Assets in the Pacific Northwest

Columbia River Basin

- Portland District
 - 77 Units 5,517 MW
- Seattle District
 - 35 Units 3,025 MW
- Walla Walla District
 - 41 Units 4,413 MW

153 Units & 12,955 MW

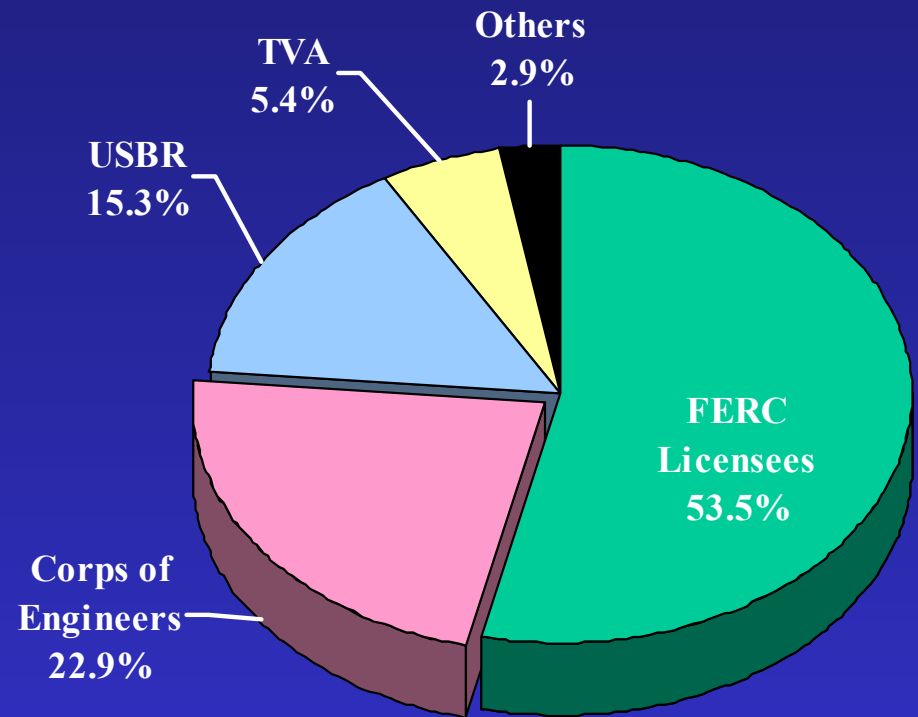
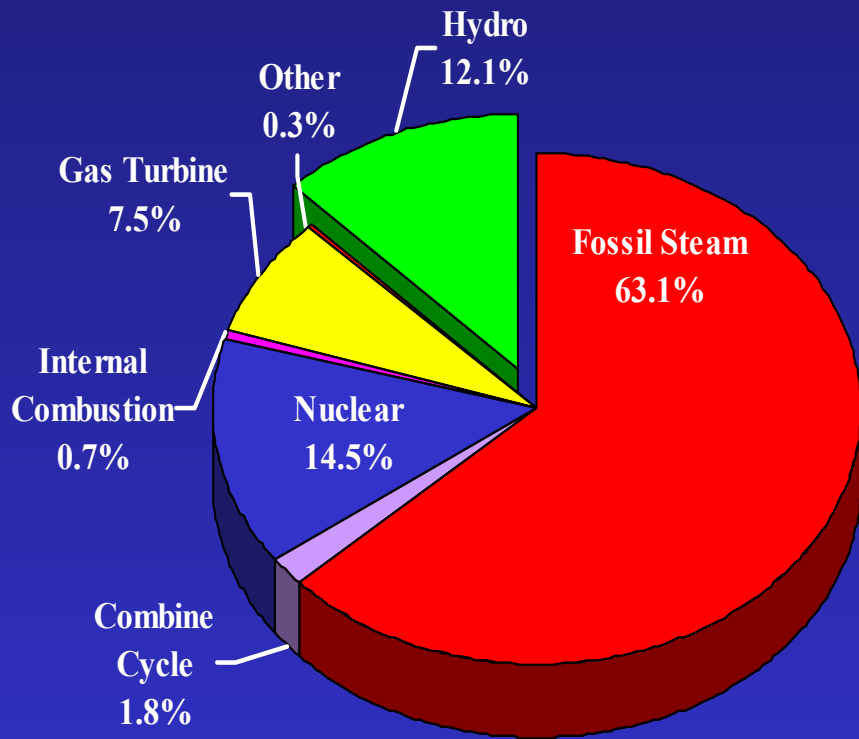
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Corps of Engineers Hydropower

US Generation Capacities and Corps Projects



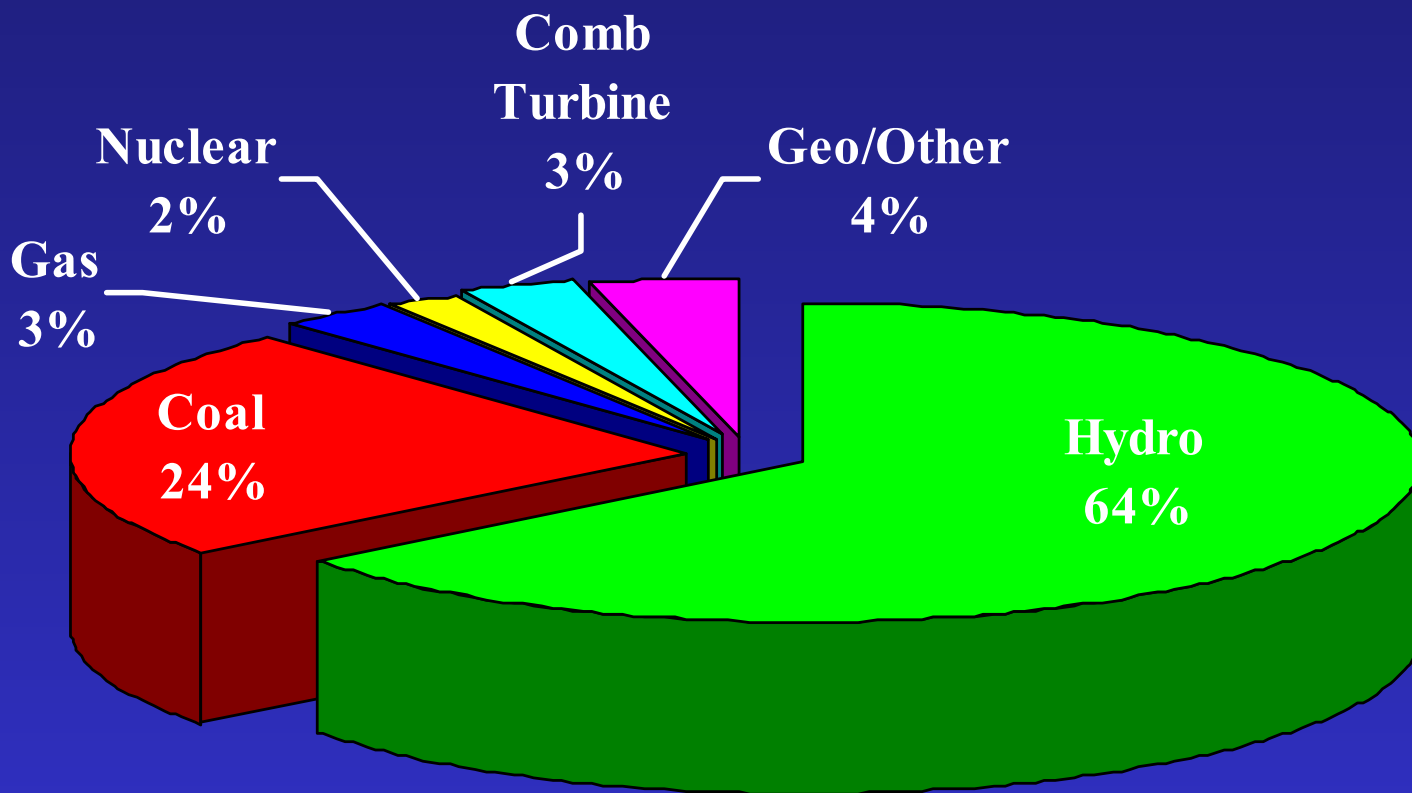
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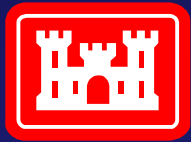
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Regional Perspective on Hydropower

Pacific Northwest Energy Distribution



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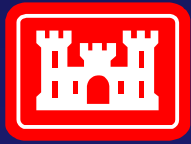
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Development of Direct Funding

The Fundamental Drivers:

- Better control of costs
- Lack of authorization
 - Accepting funds
 - Augmentation of funds

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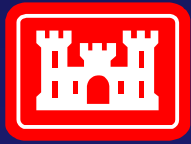
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Development of Direct Funding

Agency Viewpoints Differed

- Proceed with caution.
 - Capital only.
- “Control” Management.
- Cost control.
- Great opportunity.

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Development of Direct Funding

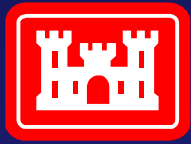
Hydropower Specific

- Fully Paid by BPA

Joint Costs

- Require Appropriated Match
- Example 80% Hydropower
 - 80% BPA + 20% Appropriations

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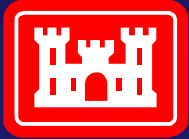
Development of Direct Funding

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Sec 2406 National Energy Policy Act 1992

- BPA-Dept Army MOA 6 Dec 94 (Capital)
 - Sub-Agreement Process
- Columbia River Fish & Wildlife MOA 16 Sep 96
 - Depts of Commerce, Energy, Interior, & Army
 - Expires 30 Sep 2001
- DOE-Dept Army MOA 5 Dec 97 (O&M)
 - Five Year Power Budget 1999 to 2003

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Direct Funding for Capital Investments

1994 Capital MOA

- Hydropower Specific
- Joint Capital
 - Requires Appropriated Match

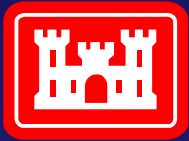
Sect 1146 WRDA 1986

- Match Optional

1996 Fish MOA

- Corps Appropriated Projects
 - BPA Pays Power Related Share to Treasury
 - BPA Pays Direct for Bi-Op Actions

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Direct Funding for O&M Routine Expense

1997 MOA

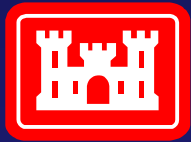
- Hydropower Specific
- Joint Power Share
 - Joint Capital
 - Joint O&M
 - Fish & Wildlife
 - Cultural Resources
- Appropriated Share

Together = 390 Account

1996 Fish MOA

- BPA Fish & Wildlife
- Reimbursable
- Capitalization

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Implementation of Direct Funding

MOAs Established a Partnership

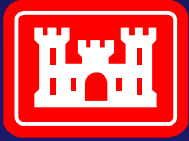
Budgeting

Prioritization

Financial Reports

Performance Measurement

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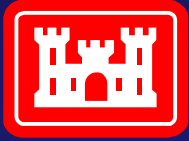


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Joint Operating Committee (JOC)

- One Rep - One Vote
 - Corporate, Financial, Operations & Projects
- Central POCs for MOA Implementation
 - Annual Power Budgets
 - Five Year Power Budgets
- Identify, Prioritize & Schedule Investments
- Develop Performance Measures

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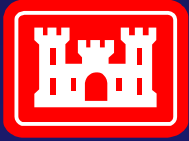


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JOC “Core” Team

- District Chiefs of Operations
- Hydroelectric Design Center
- Hydropower Analysis Center
- Resource Management
- Water Management
- Sub-Committee Co-Chairs

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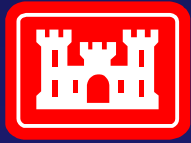


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Forums Under JOC

- Capital Workgroup
- Business Practices Sub-Committee
- Performance Indicator Committee
- Operations Sub-Committee
- Fish & Wildlife Sub-Committee
- Cultural Resources Sub-Committee

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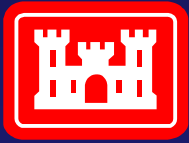


Hydropower Corporate Board

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- Command Linkage to the JOC
- Corporate Linkage to the JOC
- Strategic Partnership Linkage to BPA

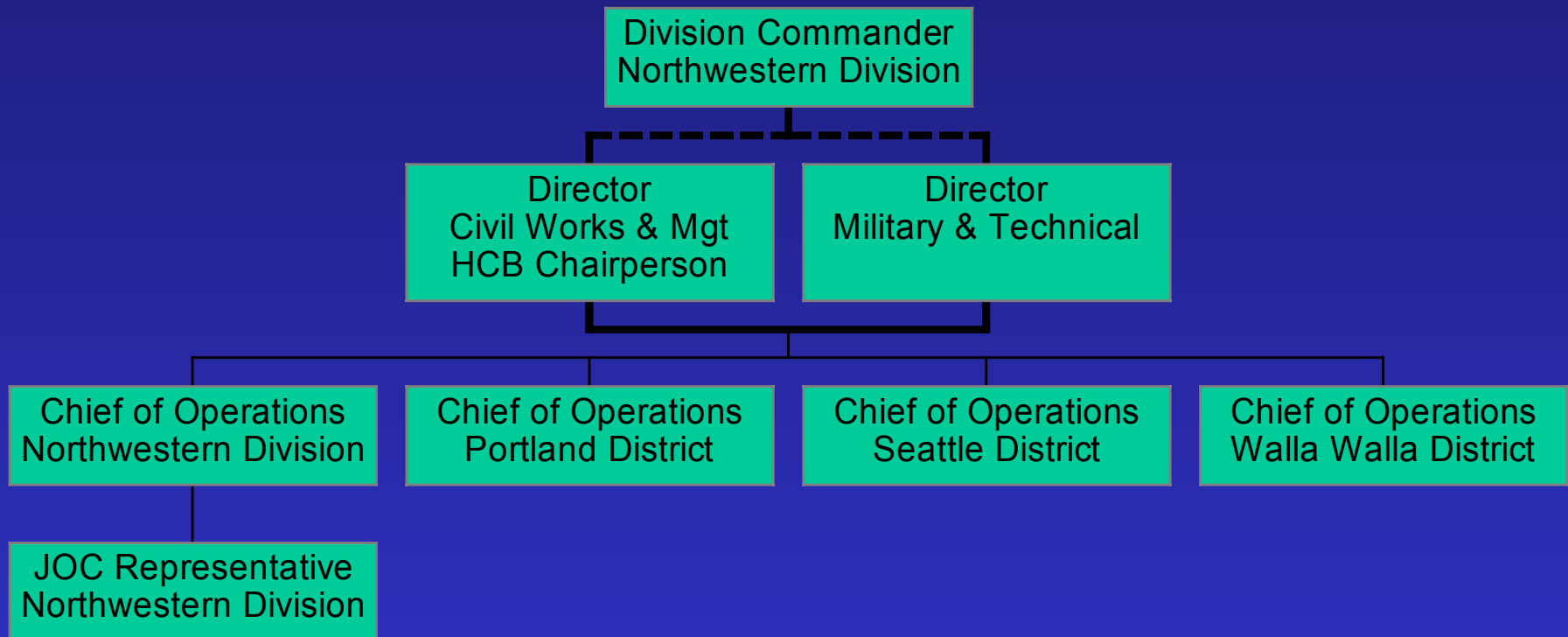
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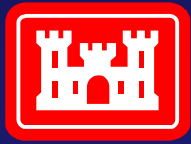
Hydropower Corporate Board

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HCB



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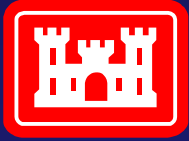


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Flexibility of Agreement

- FY01 Mid-year budget correction
 - Small Capital Investments
 - Bi-Op Requirements
- Security Assessments & Investments
- FY02 & FY03 Budget Increases

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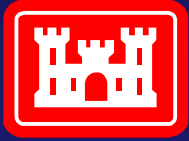


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Joint Agency Initiatives

- JOC Self Assessment (April 2000)
- Tri-Agency Retreat (March 2001)
 - Joint Vision for the Federal Columbia River Power System (FCRPS)
 - Executive Steering Committee
 - Establishing a Management Structure for NWD (August 2001)

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Joint Agency Initiatives

Columbia River Basin

- ESA
 - Salmon, Trout & Chub
 - Bald Eagle
 - Western Pond Turtle
 - Fender's Butterfly
 - Bradshaw's Lomatium
- Growing Needs
 - Competes for O&M \$

Missouri River Basin

- ESA
 - Sturgeon
 - Paddlefish
 - Piping Plover
 - Least Tern
 - Whooping Crane
- Program May Grow
 - Competes for O&M \$

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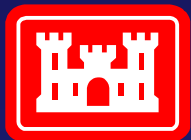
Joint Agency Initiatives

Benchmark Against Industry
Leaders

Performance Measurement Against
Industry Leading Standards

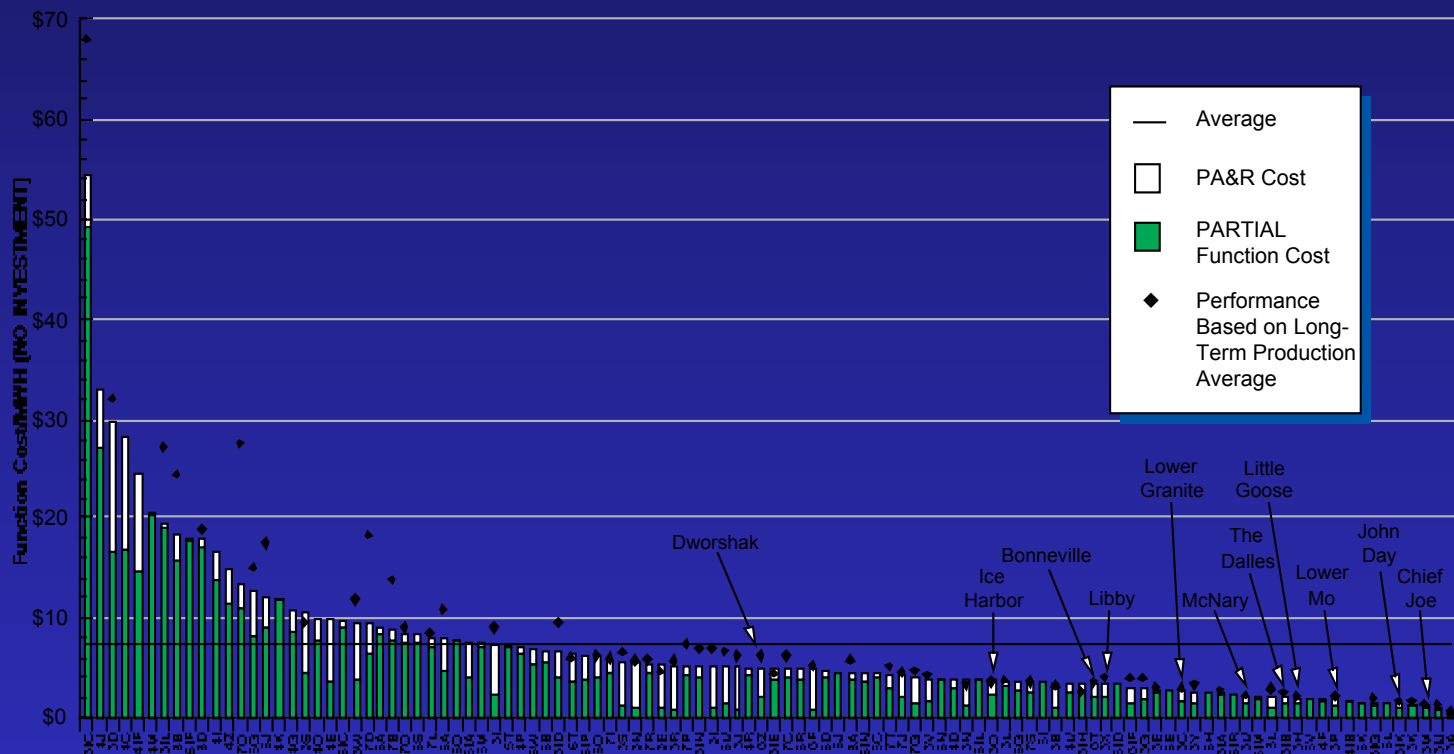
Quantitative Assurance Against
Over-Investment

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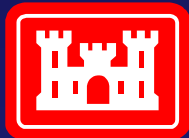
Joint Agency Initiatives - Benchmarking



PARTIAL Function Cost/MWH The sum of the following function costs (Operations, Plant Maintenance, WW&D Maintenance, B&G Maintenance and Support), divided by the MWHs produced by the Station Group. No investment costs or PA&R costs included.

Long-Term Production AVG Long-Term Production Average was reported based upon average yearly energy (MWH) produced over an extended period of time (i.e., over the life of the facility or as long as records permitted).

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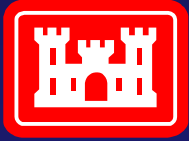


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Joint Agency Initiatives - Performance Indicators

Project	Cost			Material Condition	Reliability				Environment		Safety	Partnership			Aggregate Rating
	O&M and Small Cap Expenditure Rate	Large Capital Expenditure Rate	Net Operating Margin	Scheduled Outage Factor	HLH Availability	Forced Outage Factor	PSS/AVR Compliance	Control Area Support	Fish and Wildlife	Cultural Resources ***	Lost Time Accident Rate **	Performance Tracking and Reporting	Sub-agreement Routing Process ****	Weekly Conference Call (Missed) Participation *	Project Score
PCRPC	94%	55%	\$1,308	9.6%	3.63%	2.1%	0			100%	1.4		40%	174	70%
Bonneville	96%			14.1%	3.0%	0.7%	0							2	86%
The Dalles	101%			12.5%	2.6%	5.2%	0							4	56%
John Day	95%			9.9%	3.0%	1.0%	0							4	56%
McNary	83%			7.7%	0.8%	0.7%	0							4	78%
Chief Joseph	96%			5.3%	-0.2%	0.4%	0							10	72%
Albena Falls	92%			4.2%	-3.2%	0.6%	0							9	83%
Libby	88%			3.1%	-3.3%	0.0%	0							21	89%
Ice Harbor	101%			11.4%	8.2%	2.9%	0							10	28%
Lower Monumental	148%			19.8%	12.4%	0.6%	0							8	22%
Little Goose	127%			15.1%	5.1%	4.5%	0							14	33%
Lower Granite	97%			9.7%	16.0%	13.9%	0							6	22%
Dworshak	89%			9.3%	3.9%	0.0%	0							6	67%
Detroit	93%			10.2%	3.9%	0.1%	0							2	69%
Big Cliff	93%			0.7%	3.9%	0.0%	0							2	86%
Green Peter	101%			23.9%	3.9%	7.1%	0							2	64%
Foster	101%			0.9%	3.9%	0.8%	0							2	69%
Lookout Point	97%			9.0%	3.9%	0.0%	0							2	75%
Dexter	97%			1.1%	3.9%	0.0%	0							2	75%
Cougar	68%			1.9%	3.9%	0.1%	0							2	92%
Hills Creek	84%			6.4%	3.9%	0.0%	0							2	75%
Lost Creek	93%			6.7%	3.9%	0.0%	0							16	72%
Grand Coulee	88%			7.9%	3.4%	3.3%	0							1	78%
Hungry Horse	86%			27.8%	7.7%	0.4%	0							7	61%
Boise Diversion	65%														100%
Anderson Ranch	65%			4.7%		0.1%	0							5	57%
Black Canyon	65%			1.8%		0.2%	0							5	86%
Minidoka	85%			5.4%		0.5%	0							5	71%
Palisades	85%			6.6%		0.0%	0							5	57%
Rosa	61%			5.9%		0.0%	0							8	79%
Chandler	61%			6.0%		2.2%	0							8	75%
Green Springs															
* Weekly Conference Call Participation is based on 26 weeks															
** Lost Time Accident Rate for COE only															
*** Does not account for scheduling factors															
**** Estimate															
					= No data available for FY2000					= Exceptional Performance					
					= PI not Reported at This Level					= Satisfactory Performance					
										= Below Target Performance					
										= Off-Plan Performance					

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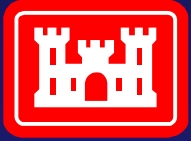


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The Bottom Line

Direct Funding Is A Success.

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Operations Division

Questions?

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